

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING DOCUMENTARY EVIDENCE NEEDED FOR AN INDIVIDUAL TO BE ISSUED AN IDENTITY DOCUMENT BY THE DEPARTMENT OF REVENUE, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Sens. Ulibarri and Morse  
Representative Melton

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**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/30/13.

	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
<b>XXX</b>	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
<b>XXX</b>	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Update

The House Finance Committee Report (05/02/13) amended the bill to make the following changes:

- Requires the applicant to sign an affidavit that he/she has applied to be lawfully present within the U.S. or will apply for lawful presence as soon as the applicant is eligible.
- Requires the Department to follow procedures currently in Section 42-2-104 (4) , C.R.S., which describes the requirements for issuance of a minor driver's license.
- Requires the applicant to present evidence that he/she has filed a tax return for the immediately preceding year or evidence of that he/she has resided in Colorado for the immediately preceding 24 month period. Evidence in either case must conform to the standards of 49 U.S.C. sec. 201 et seq. or any rules promulgated pursuant to that federal statute.

These amendments have a total fiscal impact of \$10,518 General Fund in FY 2013-14. The appropriations required include 100 hours of legal services at \$77.25 for a total of \$7,725 for the purchase of legal services related to rule-making for the creation of the affidavit and \$2,793 for the creation of the affidavit.

Non-concurrence

The Legislative Council Staff Revised Fiscal Note (04/30/13) does not reflect the Senate floor amendment that changed the fiscal impact of the bill by delaying, to August 1, 2014, the date when applications for licenses and identification documents can be accepted, processed, and issued. This eliminates all revenues and on-going expenses for FY 2013-14. General Fund expenses for legal

**SB13-251****JBC Staff Analysis**

services, programming and new document creation by the vendor of \$436,292 are still required in FY 2013-14.

The following table describes the updated fiscal impact of the bill including the Senate floor amendment (changing the date when applications for licenses can be made) and the amendments in House Finance Committee Report (05/02/13):

<b>Fiscal Impact of S.B. 13-251 (as amended in the House Finance Committee)</b>			
	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
State Revenue - Cash Funds	\$0	\$976,983	\$325,658
Licensing Services Cash Fund	0	949,069	316,353
Identification Security Fund	0	27,914	9,305
State Expenditures	\$436,292	\$758,825	\$229,396
General Fund	425,774	0	0
Cash Funds			
Licensing Services Cash Fund	10,518	729,516	219,626
Identification Security Fund	0	29,309	9,770
FTE Position Change	0.0 FTE	4.4 FTE	4.4 FTE

<b>Amendments in This Packet for Consideration by Appropriations Committee</b>	
<b>Amendment</b>	<b>Description</b>
J.004	Staff-prepared appropriation amendment

**Current Appropriations Clause in Bill**

The bill includes an appropriation clause that appropriates \$855,686 total funds and 6.2 FTE to the Department of Revenue for FY 2013-14. Of this amount, \$423,924 is from the General Fund for the costs for the State's contractor to design the changes and to make programming changes to the Department driver's license system and \$431,762 is from cash funds (\$403,194 and 6.2 FTE from the Licensing Services Cash Fund and \$28,568 from the Identification Security Fund) for the costs related to issuance of driver's licenses. Of the amount appropriated from the General Fund, \$33,924 is reappropriated to the Governor's Office of Information Technology (OIT) for FY 2013-14 for the provision of computer center services to the Department of Revenue.

The current appropriation clause does not reflect new information in the Fiscal Note on the costs of reprogramming the Department of Revenue's computer system nor does it include the costs associated with the amendments from the House Finance Committee Report (\$10,518, described in the Update section on Page 1).

The new costs indicated in the Fiscal Note are for the costs of reprogramming the Department of Revenue's Driver's License computer system (an increase of \$1,850 General Fund). The appropriation to OIT is adjusted by a like amount.

In addition, because the bill establishes an effective date of August 1, 2014 for accepting, processing, and issuing documents to persons who are not lawfully present in the U.S., the bill eliminates FY 2013-14 appropriations and FTE to the Department of Revenue for services related to the issuance of documents. These appropriations and FTE are delayed until FY 2014-15.

**Description of Amendments in This Packet**

**J.004** Staff has prepared amendment **J.004** (attached) to change the existing clause to appropriate \$436,292 General Fund to the Department of Revenue for FY 2013-14. These appropriations include:

- \$7,725 to the Executive Director's Office for the purchase of 100 hours of legal services from the Department of Law related to the rule-making required for the affidavit that the applicant is required to sign;
- \$35,774 to the Information Technology Division for the purchase of computer center services from OIT; and
- \$392,793 to the Division of Motor Vehicles, of which \$390,000 is for the contract design of the documents (driver's licenses and identification cards) and \$2,793 for design of the affidavit that the applicant is required to sign.

In addition, the clause reappropriates, for FY 2013-14, \$7,725 and 0.1 FTE to the Department of Law for the provision of legal services to the Department of Revenue and \$35,774 to OIT for the provision of Computer Center Services to the Department of Revenue. The clause eliminates appropriations in FY 2013-14 to the division of motor vehicles for costs related directly to the issuance of driver's licenses and identification documents.

**Points to Consider***General Fund Impact*

1. The Joint Budget Committee has proposed a budget package for FY 2013-14 based on the March 2013 Office of State Planning and Budgeting revenue forecast. The budget package allocates all but approximately \$9.0 million of General Fund revenues projected to be available. Pursuant to S.B. 13-236, this \$9.0 million General Fund will be transferred to the Colorado Water Conservation Board (CWCB) Construction Fund. This bill requires a General Fund appropriation of \$436,292 for FY 2013-14 and thus will reduce the transfer to the CWCB Construction Fund by that amount.

*Revenue Source*

2. General Fund is required in FY 2013-14 for this bill because the fund balance in the Licensing Services Cash Fund (LSCF) is insufficient to provide funding for the redesign of the driver's license, the design of the affidavit, legal services, and the computer programming costs. The costs related to the issuance of driver's licenses will be covered by additional fees paid by applicants for driver's licenses, but those will not occur until FY 2014-15.

The insufficiency in the LSCF is the result of updated revenue forecasts by the Department of Revenue that resulted in a downward projection of the revenues available in the fund.

The following table provides a revised fund balance projection for the Licensing Services Cash Fund (not including this bill).

<b>Licensing Services Cash Fund FY 2013-14 Projection (Estimated)</b>	
	Projection
Beginning Fund Balance	\$2,223,582
<u>Revenues</u>	
Document Issuance	18,450,598
Special Plates	2,799,198
Interest Revenue	53,578
Appropriations	(24,665,477)
Ending Fund Balance	(\$1,138,521)
Percentage Reduction in Expenditures to Maintain Positive Fund Balance	-4.6%

In order to maintain a positive fund balance in the LSCF, expenditures from the fund will need to be reduced by approximately \$1.1 million, a reduction of 4.6 percent. If the appropriations required by this bill were appropriated from the LSCF, the reduction in expenditures required by the bill would be an additional \$436,292, a total reduction of 6.4 percent.

3. Section 4 of the bill (Section 42-2-508 on page 6 of the bill, starting on line 21) allows the Department of Revenue to promulgate a rule that imposes an additional fee for the issuance of documents (driver's license or identification card) for individuals who are not lawfully present in the United States. This will not help the Department avoid the General Fund expenses described above. The Department requires up-front moneys to design the documents and reprogram the driver's license system, but the additional fees generated by the rule would not occur until a document is issued.